

**CONFIDENTIAL**

*Mark Young  
New York Metro*

January 26, 1997

To:   Greg Brown                               George Moulton  
      Mark Gambardella                     Nick Kuruc  
      Louann Alese / Marshall Richards   Rory O'Rourke  
      Charlie DiBenedetto                 Mike McHugh  
      Lee Maney  
      Greg Mitchell  
      Steve Grossberg

Subject: Local Performance / 1998 Region Program

Dear Managers,

As was presented at the Annual Meeting earlier this month, the specific budget and the actual number of "On the Spot" awards that can be awarded by Sales and Retail Division is shown below:

<u>Division</u>	<u>Mgr LP Budget</u>	<u># of "OTS" Awards</u>	
		<u>Sales</u>	<u>Retail</u>
Jersey City	no Elm's	22	n/a
Yonkers	\$ 200	22	25
Nassau	\$ 200	20	27
Manhattan	no Elm's	27	n/a
Brooklyn	no Elm's	25	n/a
North Jersey	\$ 200	20	25
Queens	\$ 200	30	27
ROU	\$1,000	4 for Jim Guaneri to use	
NY Chain	\$ 600	9 for Kam/Am's to use	
NJ Chain	\$ 400	7 for Kam/Am's to use	

As you can see, the budget for all Elm's has been set aside seperately for you to use if outstanding work is observed in 1998 by these managers. This is the reason that I did not copy your direct reports on this letter.

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These actual "OTS" awards shown should be used ONLY in the Retail or Sales division as shown on the list. For example, if a retail division is allocated 27 "OTS" awards for 1998 ..... and can only use 21 to reward high performance, the extra awards should be turned back over to Mike McHugh .... not to be simply used in that Sales Division. He will then divide them out equally among all Sales/Retail operations. When it comes time to award a Quarter Ender Award to a division, the way it will be handled is the local performance award will be given to the Division Manager.

As a final note, don't forget to send Mike a copy of each "On The Spot" award that you or your managers award! We're also looking at sending out a color presentation to each of the eligible employees so that everyone will have a hard copy of the complete Region Local Performance program for 1998.....and most importantly, know what to expect in terms of awards that will be presented at next year's annual meeting.

Sincerely,

*Mark Young*

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